ORANGE SKY GOLDEN HARVEST ENTERTAINMENT (HOLDINGS) LIMITED
橙天嘉禾娛樂(集團)有限公司*
(Incorporated in Bermuda with limited liability)
(Stock code: 1132)

FINAL RESULTS ANNOUNCEMENT FOR THE EIGHTEEN MONTHS ENDED 31 DECEMBER 2009

To coincide with the financial year end date of film exhibition business of the Group in Mainland China, the Company has changed its financial year end date from 30 June to 31 December. Accordingly, the financial period under review covers a period of 18 months from 1 July 2008 to 31 December 2009 (the "2008/2009 financial period") (2007/2008: 12 months from 1 July 2007 to 30 June 2008). The difference in duration of the two financial periods should be considered when making year-on-year comparisons.

RESULTS FOR THE PERIOD ENDED 31 DECEMBER 2009

HIGHLIGHTS

	Eighteen months ended 31 December 2009	Year ended 30 June 2008	**Changes**	
	HK$ million	*HK$ million*	***HK$ million***	**%**
The Group				
Turnover	**1,164**	620	**+544**	**+88%**
Gross profit	**620**	330	**+290**	**+88%**
Profit from operations	**56**	20	**+36**	**+180%**
Profit attributable to shareholders	**96**	11		
Basic earnings per share	**5.16 cents**	0.82 cents		

- Turnover increased by 88% to HK$1,164 million
- Gross profit grew HK$290 million to HK$620 million
- Profit from operations boosted to HK$56 million from HK$20 million
- Cinema admissions we served on a full and aggregated basis was over 29 million across cinema networks in Hong Kong, Mainland China, Taiwan and Singapore as a whole
- Cash on hand increased to HK$518 million by HK$252 million

* *For identification purposes only*

CHAIRMAN'S STATEMENT

We are pleased to report that the Group had firm performance during the 18 months ended 31 December 2009 (the "2008/2009 financial period"). Our 26 cinemas across Hong Kong, Mainland China, Taiwan and Singapore together sold more than 29 million tickets during the 2008/2009 financial period, holding attendances remarkably well despite the ripple effects of the financial crisis lingering and swine flu outbreak, thanks to growth in premium-priced 3D films and the breadth of key films released, eg. *Avatar, Harry Potter and the Half-Blood Prince, Transformers: Revenge of the Fallen, 2012, The Dark Knight, Red Cliff, The Founding of a Republic, Cape No. 7*, etc. Total revenues were HK$1,164 million during the 2008/2009 financial period. Net profit for the 2008/2009 financial period was HK$96 million, including a HK$62 million gain from disposal of interest in a jointly controlled entity.

The 2008/2009 financial period was a fruitful period for the Group in building a solid platform for exponential growth ahead, in particular, in Mainland China. The Group has strengthened business development and M&A effort to forge ahead in the nascent film industry in Mainland China, and plans to operate over 600 screens nationwide by 2012, thus becoming one of the leading exhibitors in Mainland China. During the 2008/2009 financial period, the Group completed the expansion of the GH-MIXC cinema in Shenzhen in October 2009 to a 12-plex from a 7-plex. The Group also opened a new 9-plex in Suzhou, namely GH Suzhou, in December 2009. In addition, the Group entered into agreement to acquire an exhibitor, which has two cinemas in operation and holds several lease agreements for new cinemas operation, during the 2008/2009 financial period.

In Hong Kong, the Group opened two new cinemas in December 2009, namely the GH Citywalk (a 5-plex) in Tsuen Wan and the GH Whampoa (a 4-plex) in Hung Hom. In Taiwan, the Group debuted its IMAX screening in Ximending of Taipei in April 2009. In December 2009, the Group opened the Vie Show Cinema Taipei Q Square (a 9-plex) adjacent to Taipei Station. In addition, the Group entered into separate agreements during the 2008/2009 financial period with Warner Brothers Pictures International ("WBPI") and Paramount Pictures International ("Paramount"), under which WBPI and Paramount will supply digital feature films directly to DCI-compliant digital projection systems installed by the Group's cinemas in Hong Kong and Taiwan, and make financial contributions towards the Group's recoupment. The Group believes all these new developments will have positive impact to our market share as well as financial performance.

The Group's film distribution division maintained its leading position in the region during the 2008/2009 financial period. Altogether, the Group distributed over 130 film titles in the region during the 2008/2009 financial period, including *Journey to the Centre of the Earth, The Storm Warrior, Look for a Star, Suspect X, Detroit Metal City, Red Cliff, Slumdog Millionaire*, etc.

It is the Group's long term goal to become Asia's leading fully-integrated film entertainment company. To continue the Group's unparalleled run of smash hit box office records, the Group completed the acquisition of the films and television programmes and related business in Mainland China from Orange Sky Entertainment Group (International) Holding Company Limited in October 2009.

The acquisition would help the Group penetrating the films and television programmes market in Mainland China.

The Group is positive about 2010, as the industry will continue benefiting from premium-priced 3D films and rich line-up of film slates such as *Alice in Wonderland, How to Train Your Dragon, Iron Man 2, Shrek Forever After, Sex and the City 2, Toy Story 3, The Twilight Saga: Eclipse, Harry Potter and the Deathly Hallows: Part 1, Aftershock* (Mainland China's first film in IMAX), *Kung Fu Hustle 2*, etc.

In Mainland China, the State Council promulgated the "Directive on Promoting Prosperous Development of Film Industry" ("國務院辦公廳關於促進電影產業繁榮發展的指導意見") on 21 January 2010, forging a reform of the film industry by 2015 for a prosperous development. In 2009, the box office in Mainland China recorded over 40% increase to RMB6.2 billion from a year ago. The strong line-up, together with the central government's supporting policy, will underpin yet another record year for the country's film industry.

The Group believes its rapid expansion into Mainland China's theatrical exhibition market makes it a major beneficiary of such positive developments. To illustrate, the Group's GH-MIXC in Shenzhen hit RMB10 million box office in just 26 days during 1–26 of January 2010. For the month of January 2010, the cinema reported a box office of RMB11.9 million, an increase of 102% over that of the same period of last year, thanks partly to the aforesaid expansion, and partly to the release of premium-priced 3D movie *Avatar*. During the month, the cinema's average fill rate was 44%.

By the end of 2010, the Group expects to operate 24 cinemas with 183 screens in Mainland China based on lease agreements signed, although the number may vary slightly due to the actual handover date, the progress of internal decoration and application of relevant license. The Group's new cinemas to be opened in 2010 will cover Beijing, Wuhu, Wuxi, Guangzhou, Nanchang, Chongqing, Chengdu, Shenyang, Dongguan, Hefei, Shangrao, Huizhou and Xian.

Looking ahead, the Group will continue soliciting new lease agreements, and cooperating with existing operators to form joint ventures to convert existing old cinemas in prime location to modern multiplexes. The Group will also pursue acquisition opportunities to further expand the Group's screen portfolio network. At the moment, the Group is under negotiation with several cinema operators to acquire their existing cinema operations (comprising about 70 screens).

In Singapore, the Group is in negotiation to open a new cinema complex in an affluent, yet under-screened catchment. The Group is very excited about this particular development, as on one hand, our Singapore cinema circuit has not inaugurated any new project since late 2006, and more importantly, this particular location has been on the Group's radar for years.

In Taiwan, the Group has signed lease agreement to open a 9-plex near Banciao Station in Taipei by 2011. In addition, the Group's second digital IMAX auditorium will be opened in April 2010 in Kaohsiung, and the Group plans to open 5 more digital IMAX auditoriums in Taiwan by 2012, thus bringing its total IMAX auditoriums to 7.

Apart from IMAX, the Group will strengthen its relation with other international partners. The Group will continue working hand in hand with major studios to promote digital cinemas in Asia, and will also continue exploring new cooperation opportunities with our international partners.

The Group's film distribution arm started from 2010 with a bang, and distributed popular movies including *14 Blades* and *Nodame Cantabile The Movie I* in February and March 2010 respectively. The Group is confident of maintaining a leading position in the region as an independent distributor in 2010 as well as the years to come. In addition, the Group is preparing to initiate a Chinese-language film project, which will be produced primarily in Mainland China in 2010, and target for a global release in 2011. The Group plans to take a major role from the development stage through to the distribution of the film, and also plans to take up an equity stake in the project.

Through two separate top-up placements in November 2009 and February 2010 respectively, the Group raised altogether HK$503 million (net proceeds) and significantly expanded the shareholding base. We are pleased to gain the support of a group of investors sharing the same vision, i.e. building Asia's largest integrator of the movie entertainment industry. We will continue following our mission, i.e., to inspire and enrich life by bringing our customers to the world beyond imagination through excellent movie experience, while seeking maximization of shareholders' value.

MANAGEMENT DISCUSSION AND ANALYSIS

OPERATION AND FINANCIAL REVIEW

The Group reported a net profit of HK$96 million for the 2008/2009 financial period (2007/2008: HK$11 million), which includes a one-off gain of approximately HK$62 million arising from the disposal of the Malaysia cinema circuit. The operating results of the Group for the 2008/2009 financial period were fairly encouraging, Group revenues amounted to HK$1,164 million (2007/2008: HK$620 million). Gross profit from continuing operations, with margin maintaining at about 53%, was HK$620 million (2007/2008: HK$330 million). Profit from operations amounted to HK$56 million (2007/2008: HK$20 million). Aided by a number of strong Hollywood blockbuster titles released during the 2008/2009 financial period, such as *Avatar, Transformers: Revenge Of The Fallen* and *2012*, both exhibition and distribution businesses across the territories we operated were strong and continued their upward trend.

The Group continues to be a major and leading cinema operator in Asia, operating 26 cinemas with 212 screens across Hong Kong, Mainland China, Taiwan and Singapore. Taking the lead in the market and demonstrating great success, during the 2008/2009 financial period, the Group had embarked a series of digitalization. In the months to come, the Group will continue expanding our cinema portfolio in the region, in particular, in Mainland China.

In September 2009, the Group entered into an agreement with independent third parties to acquire the equity interest of an exhibitor, which has two cinemas (with 11 screens) already in operation and several lease agreements for new cinemas in Mainland China. The acquisition is in line with the Group's strategy to develop Mainland China market, and it was completed in January 2010.

The acquisition of the films and television programmes and related business in Mainland China from Orange Sky Entertainment Group (International) Holding Company Limited has been completed by the end of October 2009. The acquisition provides an opportunity for the Group to further develop the Group's business network in the PRC, which cover not just developing and distributing Chinese-language contents, but also understanding the local customers' tastes and marketing the Group's offering to their needs.

At the end of July 2008, the Group completed the disposal of its Malaysia cinema circuit TGV Cinemas Sdn. Bhd. and recorded a one-off gain of approximately HK$62 million. After the disposal, the Group carries no investment in Malaysia and therefore, the contribution of this cinema circuit was classified as discontinued operation.

BUSINESS REVIEW

Film Exhibition

The Group's 26 cinemas served over 29 million guests during the 18 months ended 31 December 2009, and box office income on a full and aggregated basis, was registered at HK$1,455 million (2007/2008: HK$930 million). This was strongly supported by the Group's pioneering commitment in digitalization. Digital conversion not only enables high quality exhibition with non-degradable prints and piracy control, and more importantly, it improves operational efficiency and allows new programming opportunities, such as premium digital 3D films.

OPERATING STATISTICS OF THE GROUP'S CINEMAS
(FOR THE 18 MONTHS ENDED 31 DECEMBER 2009)

	Mainland China	**Hong Kong**	**Taiwan**	**Singapore**
Number of cinemas #	2	7	8	9
Number of screens #	21	33	85	73
Admissions (million)	1.6	3.7	11.7	12.2
Average ticket price (HK$)	55	60	51	45

as of end December 2009

Hong Kong

For the 18 months ended 31 December 2009, Hong Kong market as a whole recorded a box office receipts of HK$1,761 million (2007/2008: HK$1,075 million). In December 2009, the Group opened two new multiplexes, namely GH Citywalk and GH Whampoa with collectively 9 screens, in Hong Kong. Our cinemas in Hong Kong achieved a good result for the period with theatre takings of HK$224 million (2007/2008: HK$142 million), and maintained a market share of about 13%.

Mainland China

Admissions of our multiplexes in Mainland China amounted to 1.6 million and gross theatre takings totaled RMB82 million for the 2008/2009 financial period (2007/2008: RMB46 million).

Like all other major cities in Mainland China, Shenzhen recorded a strong 30% growth in box office in 2009, comparing to 2008. In October 2009, our flagship cinema, GH-MIXC at the MIXC Mall in City Crossing, completed its expansion and became a multiplex with 12 screens. During the 2008/2009 financial period, the GH-MIXC cinema accounted for 18% of the market share in Shenzhen.

In December 2009, we opened a new cinema with 9 screens in Suzhou, namely, GH Suzhou. A number of new GH-cinemas are in the pipeline across many major cities in Mainland China, including Wuhu, Beijing, Wuxi, Guangzhou, Nanchang, Chongqing, Chengdu, Shenyang, Dongguan, Hefei, Shangrao, Huizhou and Xian, and more will come in the months ahead.

Taiwan

The Group has always been devoted to enhancing theatrical experience of our patrons, and our Taiwan operation, Vie Show Cinemas Company Limited ("Vie Show"), 35.71% equity interest owned by the Group), debuted its digital IMAX screening in April 2009 in the popular district Ximending of Taipei, namely Vie Show Cinemas Taipei Sun. Our IMAX initiative achieved a huge success, and with one screen alone, the cinema accounted for an impressive 23% share of *Monsters vs Aliens's* box office receipts in Taipei city. In December 2009, Vie Show opened a new 9-plex with about 1,800 seats at the highly-anticipated Q Square adjacent to Taipei Station. Vie Show recorded a slight growth in admission and delivered gross theatre takings amounting to NTD2.5 billion. Operationally, without taking into account the effect of currency fluctuation, the Group's share of net profit from Vie Show was maintained steadily at about HK$30 million.

Singapore

Singapore's overall market box office received S$247 million over the 2008/2009 financial period. Our 50% owned –"Golden Village" cinema circuit remains the brand of choice for cinema goers in Singapore and has maintained its leading position with a market share of 41% despite intensified competition during the period. Gross theatre takings for the 2008/2009 financial period amounted to S$103 million. The Group shared a net profit of HK$43 million for the period, partly attributable to relief measures adopted by Singapore government and reduction of corporate income tax rate by 1% to 17%.

Film Distribution

For the 2008/2009 financial period, the Group's film distribution business performed strongly and reported close to HK$149 million of revenue at Group level (based on proportional accounting). During the period, the Group remained a leader in Hong Kong and Singapore in the distribution and marketing of theatrical films to cinemas, and of follow-on releases to VCD/DVD, pay and free television markets in respective markets, and also in overseas market. In addition, our expansion of distribution business in Taiwan since year 2007 started to bear fruit. Moving ahead, apart from maintaining the strong distribution capabilities in all territories, the Group will explore different film financing and licensing opportunities in Hong Kong and Mainland China, given the growth and increasing influence of Chinese titles all around the world.

As a distributor for both Chinese and non-Chinese language films in Hong Kong, the Group held a 9% market share in terms of box office receipts. During the 2008/2009 financial period, the Group distributed and marketed 47 films in Hong Kong, of which *Journey to the Centre of the Earth* registered very impressive box office receipts of HK$35 million. Besides, other titles such as *The Storm Warriors*, Andy Lau's *Look for a Star, Suspect X* and *Detroit Metal City* all on its own also received box office of over HK$10 million each. As for the Group's film library of approximately 130 Chinese film titles for worldwide distribution, it continued to contribute steady income, which amounted to approximately HK$19 million to the Group.

While our Singapore distribution team maintained a market share of about 17% in terms of box office receipts in 2009, our Taiwan distribution team doubled its market share to 4% in terms of box office receipts in Taiwan in 2009, comparing to that of 2008.

PROSPECTS

The Group has focused in growing both the exhibition and distribution networks in Mainland China, one of the world's fastest growing film markets. Through organic expansion and acquisition, the Group is confident of attaining its target of over 600 screens in operation in Mainland China by 2012. In addition, the Group intends to grow our cinema circuit in Hong Kong, Taiwan and Singapore through selective expansion.

The Group has been pioneering commitment in digitalization, and plan to fully digitalize all the cinemas under the Group by 2012. The Group will continue negotiating with major studios for cooperation in promoting digital cinemas in Asia, and through such cooperation, we aim at recouping most of our investment.

The Group held HK$518 million cash on hand as of end December 2009. Through a top-up placement in February 2010, the Group raised an addition HK$314 million (net proceeds). In addition, the Group has secured credit facilities for projects in Mainland China. The management will monitor closely that the Group's rapid expansion is supported by a reasonable capital structure with proper risk management. The management will also continue our efforts to enhance corporate expense optimization and strive towards further growth in the forthcoming years.

FINANCIAL RESOURCES AND LIQUIDITY

In November 2009, the Group raised HK$189 million (net proceeds) through placing. The directors intend to use the net proceeds for its business expansion in Mainland China (in particular, its film exhibition business) and working capital.

In July and August 2009, convertible notes in aggregate amount of HK$30 million were converted into ordinary shares of the Company, creating a total of approximately 136 million new ordinary shares at a conversion price of HK$0.22 per share (adjusted by subdivision of shares). In November 2009, the Group issued zero coupon convertible notes of an aggregate principal amount of about HK$9 million, convertible into ordinary shares of the Company at a conversion price of HK$0.338 per share, to Orange Sky Entertainment Group (International) Holding Company Limited, a substantial shareholder of the Group, as part of the consideration in acquisition of the films and television programmes and related business in Mainland China from Orange Sky Entertainment Group (International) Holding Company Limited.

In addition, with the surplus fund received from the disposal of Malaysia TGV Cinemas Sdn. Bhd. the Group had repaid some of the outstanding bank loans of HK$20 million during the 2008/2009 financial period. As at 31 December 2009, the outstanding bank loans amounted to HK$87 million.

As at 31 December 2009, the Group's cash balance was about HK$518 million (30 June 2008: HK$266 million), representing an increase of 95% as compared with that of June 2008. As at 31 December 2009, the Group's gearing ratio, calculated on the basis of external borrowings over total assets, was less than 8% (30 June 2008: 5%). Subsequent to the period end, in February 2010, the Group further raised HK$314 million (net of expenses) through placing. The Directors intend to use the net proceeds for its business expansion in the Greater China Region (including the potential acquisition of sizeable cinema network and forming of joint venture with respective third parties to convert old cinemas into modern multiplex) and as its working capital. Management will continue to monitor the gearing structure and make adjustments if necessary in light of changes in the Group's development plan and economic conditions.

The Group's assets and liabilities are principally denominated in Hong Kong dollars except for certain assets and liabilities associated with the investments in Mainland China, Taiwan and Singapore. The overseas joint ventures of the Group are operating in their local currencies and subjected to minimal exchange risk on their own. While for the Hong Kong operations, due to the volatility of the currency market, management decided to maintain higher level of deposits in Hong Kong dollars and the pegged US dollars, thus lowering the exposure to exchange risk. The directors will continue to assess the exchange risk exposure, and will consider possible hedging measures in order to minimize the risk at reasonable cost.

The Group did not have any significant contingent liabilities as of 31 December 2009.

EMPLOYEES AND REMUNERATION POLICIES

As at 31 December 2009, the Group had 418 (30 June 2008: 311) permanent employees. The Group remunerates its employees largely based on industry practice. In addition to salaries, commissions and discretionary bonuses, share options are granted to certain employees based on individual merit. The Group also operates a defined contribution retirement benefits scheme under the Mandatory Provident Fund Schemes Ordinance and as at the balance sheet date, there was no forfeited contribution arising from employees leaving the retirement benefit scheme.

RESULTS

The Board of Directors (the "Board") of Orange Sky Golden Harvest Entertainment (Holdings) Limited (the "Company") herein announces the consolidated results of the Company and its subsidiaries (the "Group") for the 18 months ended 31 December 2009 together with the comparative figures for the preceding 12 months ended 30 June 2008. These results have been reviewed by the Audit Committee and the figures have been compared by the Company's auditors, KPMG, Certified Public Accountants, to the amounts set out in the Group's audited consolidated financial statements for the period and the amounts were found to be in agreement.

CONSOLIDATED INCOME STATEMENT

	Note	**Eighteen months ended 31 December 2009** *HK$'000*	Year ended 30 June 2008 *HK$'000*
Continuing operations			
Turnover	*4*	**1,163,513**	619,901
Cost of sales		**(543,662)**	(289,552)
Gross profit		**619,851**	330,349
Other revenue and other net income		**74,187**	67,723
Selling and distribution costs		**(547,358)**	(301,739)
General and administrative expenses		**(83,406)**	(61,498)
Other operating expenses		**(7,227)**	(14,979)
Profit from operations		**56,047**	19,856
Finance costs	*5(a)*	**(2,505)**	(11,970)
Share of profits less losses of associates		**–**	9,663
Gain on disposal of interest in a jointly controlled entity		**61,852**	–
Profit before taxation		**115,394**	17,549
Income tax	*6*	**(20,484)**	(10,391)
Profit for the period/year from continuing operations		**94,910**	7,158

	Note	Eighteen months ended 31 December 2009 HK$'000	Year ended 30 June 2008 HK$'000
Discontinued operation – jointly controlled entity held for sale			
Profit for the period/year from discontinued operation		**1,198**	3,911
Total profit for the period/year	*5*	**96,108**	11,069
Attributable to:			
Equity holders of the Company		**95,542**	10,763
Minority interests		**566**	306
Profit for the period/year		**96,108**	11,069
Dividends attributable to equity holders of the Company		**18,327**	–
Earnings per share	*7*		
Basic			
– Continuing operations		**5.10 cents**	0.52 cents
– Discontinued operation		**0.06 cents**	0.30 cents
		5.16 cents	0.82 cents
Diluted			
– Continuing operations		**5.09 cents**	0.52 cents
– Discontinued operation		**0.06 cents**	0.30 cents
		5.15 cents	0.82 cents

CONSOLIDATED BALANCE SHEET

	Note	As at 31 December 2009 HK$'000	As at 30 June 2008 HK$'000
Non-current assets			
Fixed assets		**395,055**	367,395
Amounts due from jointly controlled entities		**–**	32,285
Loan to a joint venture partner		**5,357**	–
Available-for-sale equity security		**1,500**	–
Prepaid rental		**5,592**	8,015
Club memberships		**2,490**	3,590
Rental and other deposits		**56,214**	54,006
Trademarks		**79,421**	79,421
Goodwill		**28,538**	–
Deferred tax assets		**420**	358
Pledged bank deposits		**25,038**	10,133
		599,625	555,203
Current assets			
Inventories		**2,461**	2,417
Film rights		**75,955**	27,503
Trade receivables	*8*	**36,789**	27,045
Other receivables, deposits and prepayments		**91,844**	49,355
Amounts due from jointly controlled entities		**1,683**	50,277
Pledged bank deposit		**5,425**	–
Deposits and cash		**517,803**	266,307
		731,960	422,904
Assets of a jointly controlled entity held for sale		**–**	141,037
		731,960	563,941
Current liabilities			
Trade payables	*9*	**97,498**	68,609
Other payables and accrued charges		**73,847**	71,076
Deferred revenue		**63,859**	58,396
Customer deposits		**8,128**	3,675
Bank loans		**24,201**	12,480
Convertible notes		**–**	31,066
Loans from joint venture partners		**–**	22,144
Taxation payable		**23,103**	9,618
		290,636	277,064
Liabilities of a jointly controlled entity held for sale		**–**	101,135
		290,636	378,199
Net current assets		**441,324**	185,742
Total assets less current liabilities		**1,040,949**	740,945

	Note	As at 31 December 2009 HK$'000	As at 30 June 2008 HK$'000
Non-current liabilities			
Bank loans		**62,732**	7,800
Convertible note		**6,150**	–
Amount due to a jointly controlled entity		**5,357**	–
Loans from joint venture partners		**–**	42,505
Loan from minority shareholder		**–**	696
Deposits received		**4,887**	4,248
Deferred tax liabilities		**13,868**	16,540
		92,994	71,789
NET ASSETS		**947,955**	669,156
Capital and reserves			
Share capital		**219,974**	169,638
Reserves		**726,100**	498,097
Total equity attributable to equity holders of the Company		**946,074**	667,735
Minority interests		**1,881**	1,421
TOTAL EQUITY		**947,955**	669,156

NOTES TO THE FINANCIAL STATEMENTS

1. CHANGE OF THE COMPANY'S NAME

Pursuant to a resolution passed in the special general meeting of the Company on 20 July 2009, the Company changed its name from "Golden Harvest Entertainment (Holdings) Limited" to "Orange Sky Golden Harvest Entertainment (Holdings) Limited" and adopted "橙天嘉禾娛樂(集團)有限公司" as the Chinese name for identification purpose only. The change of the Company's name was approved by the Registrar of Companies in Bermuda and the Registrar of Companies in Hong Kong on 24 August 2009 and 14 September 2009 respectively.

2. CHANGE IN FINANCIAL YEAR END DATE

Pursuant to a resolution of the Board of Directors dated 6 January 2009, the Company's financial year end date has been changed from 30 June to 31 December in order to be co-terminus with the subsidiaries in the People's Republic of China. Accordingly, the current financial period covers the period of eighteen months from 1 July 2008 to 31 December 2009. The comparative figures presented for the consolidated income statement and related notes, which were prepared for the year ended 30 June 2008, are not comparable with those of the current period.

3. STATEMENT OF COMPLIANCE

(i) These financial statements have been prepared in accordance with all applicable Hong Kong Financial Reporting Standards ("HKFRSs"), which collective term includes all applicable individual HKFRSs, Hong Kong Accounting Standards ("HKASs") and Interpretations issued by the Hong Kong Institute of Certified Public Accountants ("HKICPA"), accounting principles generally accepted in Hong Kong and the disclosure requirements of the Hong Kong Companies Ordinance. These financial statements also comply with the applicable disclosure provisions of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules").

(ii) The HKICPA has issued certain new and revised HKFRSs that are first effective or available for early adoption for the current accounting period of the Group and the Company. In the current period, the Group has applied, for the first time, the new amendments to HKFRSs and Interpretations which are effective for the Group's financial period beginning on 1 July 2008.

Hong Kong (IFRIC) – Interpretation 13 "Customer Loyalty Programmes" ("IFRIC 13") requires that revenue from the initial sales transaction is allocated to free or discounted goods or services offered as awards at their fair value and that this is deferred until the awards are redeemed. The adoption of IFRIC 13 has no significant impact on the Group's results and financial position for the year ended 30 June 2008 and the eighteen months ended 31 December 2009. These estimates are arrived at after making assumptions on a number of key factors, including but not limited to the estimated fair value of awards and the future redemption demand.

The adoption of other new amendments and interpretations of HKFRSs has no significant impact on the Group's results and financial position.

The Group has not early applied the new and revised standards, amendments and interpretations that have been issued but are not yet effective.

4. REVENUE AND SEGMENT INFORMATION

(a) Business segments

The following tables present revenue, profit and certain asset, liability and expenditure information for the Group's business segments.

	Eighteen months ended 31 December 2009				
	Film and video distribution *HK$'000*	**Film exhibition** *HK$'000*	**Others** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
Continuing operations					
Sales to external customers	132,155	1,027,709	3,649	–	1,163,513
Inter-segment sales	14,833	–	1,378	(16,211)	–
Other income	2,454	70,670	175	(602)	72,697
Total revenue from continuing operations	149,442	1,098,379	5,202	(16,813)	1,236,210
Segment results from continuing operations	21,944	80,005	(73)	–	101,876
Interest income					5,718
Unallocated operating expenses, net					*(51,547)
Finance costs					(2,505)
Gain on disposal of interest in a jointly controlled entity	–	61,852	–	–	61,852
Profit before taxation					115,394
Income tax					(20,484)
Profit for the period from continuing operations					94,910
Discontinued operation					
Sales to external customers	–	13,674	–	–	13,674
Other income	–	284	–	–	284
Total revenue from discontinued operation	–	13,958	–	–	13,958
Segment results from discontinued operation	–	1,913	–	–	1,913
Interest income					26
Finance costs					(124)
Profit before taxation					1,815
Income tax					(617)
Profit for the period from discontinued operation					1,198
Total profit for the period					96,108

* *This includes exchange loss of HK$5,833,000.*

	Eighteen months ended 31 December 2009				
	Film and video distribution *HK$'000*	**Film exhibition** *HK$'000*	**Others** *HK$'000*	**Elimination** *HK$'000*	**Consolidated** *HK$'000*
Depreciation for the period	755	67,967	77	–	68,799
Unallocated					1,613
					70,412
Amortisation of prepaid land lease payments	–	1,131	23	–	1,154
Amortisation of film rights	42,075	–	–	–	42,075
Impairment losses on trade and other receivables, net	237	–	–	–	237
Segment assets	182,400	650,385	938	–	833,723
Available-for-sale equity security					1,500
Trademarks					79,421
Goodwill					28,538
Unallocated assets					388,403
Total assets					1,331,585
Segment liabilities	67,814	198,139	1	–	265,954
Unallocated liabilities					117,676
Total liabilities					383,630
Capital expenditure incurred during the period	1,270	120,556	–	–	121,826
Unallocated					989
					122,815

	Year ended 30 June 2008				
	Film and video distribution *HK$'000*	Film exhibition *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Continuing operations					
Sales to external customers	71,870	536,324	11,707	–	619,901
Inter-segment sales	6,418	–	1,837	(8,255)	–
Other income	1,902	36,460	329	(413)	38,278
Total revenue from continuing operations	80,190	572,784	13,873	(8,668)	658,179
Segment results from continuing operations	4,945	38,570	757	–	44,272
Interest income					5,423
Unallocated operating expenses, net					*(29,839)
Finance costs					(11,970)
Share of profits less losses of associates	3,897	5,766	–	–	9,663
Profit before taxation					17,549
Income tax					(10,391)
Profit for the year from continuing operations					7,158
Discontinued operation					
Sales to external customers	–	119,828	–	–	119,828
Other income	–	1,992	–	–	1,992
Total revenue from discontinued operation	–	121,820	–	–	121,820
Segment results from discontinued operation	–	8,524	–	–	8,524
Interest income					421
Finance costs					(1,515)
Profit before taxation					7,430
Income tax					(3,519)
Profit for the year from discontinued operation					3,911
Total profit for the year					11,069

* *This includes exchange gain of HK$24,154,000.*

	Year ended 30 June 2008				
	Film and video distribution *HK$'000*	Film exhibition *HK$'000*	Others *HK$'000*	Elimination *HK$'000*	Consolidated *HK$'000*
Depreciation for the year	537	48,348	230	–	49,115
Unallocated					1,091
					50,206
Amortisation of prepaid land lease payments	–	321	19	–	340
Amortisation of film rights	31,930	–	–	–	31,930
Impairment losses on trade and other receivables, net	1,535	259	2	–	1,796
Segment assets	86,188	655,064	7,563	–	748,815
Assets of a jointly controlled entities held for sale					141,037
Trademarks					79,421
Unallocated assets					149,871
Total assets					1,119,144
Segment liabilities	39,562	214,305	4,782	–	258,649
Liabilities of a jointly controlled entities held for sale					101,135
Unallocated liabilities					90,204
Total liabilities					449,988
Capital expenditure incurred during the year	716	65,417	–	–	66,133
Unallocated					1,782
					67,915

(b) Geographical segments

The following table presents revenue and certain assets and expenditure information for the Group's geographical segments.

	Eighteen months ended 31 December 2009							
	Hong Kong	**Mainland China**	**Singapore**	**Taiwan**	**Malaysia**	**Elsewhere in Asia**	**Others**	**Con-solidated**
	HK$'000	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***	***HK$'000***
Sales to external customers	322,523	149,233	380,246	309,149	13,674	1,866	496	1,177,187
Less:								
Attributable to discontinued operation	–	–	–	–	13,674	–	–	13,674
Sales to external customers from continuing operations	322,523	149,233	380,246	309,149	–	1,866	496	1,163,513
Other segment information:								
Segment assets	567,650	189,625	271,649	192,909	217	–	76	1,222,126
Available-for-sale equity security								1,500
Trademarks								79,421
Goodwill								28,538
Total assets								1,331,585
Capital expenditure incurred during the period	40,487	50,140	4,594	27,594	–	–	–	122,815

	Year ended 30 June 2008							
	Hong Kong	Mainland China	Singapore	Taiwan	Malaysia	Elsewhere in Asia	Others	Con-solidated
	HK$'000	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*	*HK$'000*
Sales to external customers	209,134	63,919	140,490	202,688	120,272	2,439	787	739,729
Less:								
Attributable to discontinued operation	–	–	–	–	119,828	–	–	119,828
Sales to external customers from continuing operations	209,134	63,919	140,490	202,688	444	2,439	787	619,901
Other segment information:								
Segment assets	283,524	83,458	297,679	207,359	167,700	–	3	1,039,723
Trademarks								79,421
Total assets								1,119,144
Capital expenditure incurred during the year	11,400	3,822	8,301	11,122	33,270	–	–	67,915

5. PROFIT FOR THE PERIOD/YEAR

Profit for the period/year is arrived at after charging/(crediting):

	Eighteen months ended 31 December 2009 *HK$'000*	Year ended 30 June 2008 *HK$'000*
(a) Finance costs		
Continuing operations		
Interest on bank loans wholly repayable within five years	**2,105**	2,415
Interest on convertible notes	**172**	7,790
Interest on loans from joint venture partners	**228**	911
Finance charges on obligations under finance leases	**–**	79
Other borrowing costs	**–**	775
	2,505	11,970
Discontinued operation		
Interest on bank loans wholly repayable within five years	**124**	1,515
	2,629	13,485
(b) Other items		
Cost of inventories	**38,517**	33,565
Cost of services provided	**463,070**	276,344
Depreciation	**70,412**	50,206
Amortisation of prepaid land lease payments	**1,154**	340
Amortisation of film rights	**42,075**	31,930
Impairment losses on trade and other receivables	**237**	1,796
Auditor's remuneration	**2,875**	2,284
Operating lease charges in respect of land and buildings		
– minimum lease payments	**193,588**	131,754
– contingent rentals	**34,490**	19,278
Loss on disposal of property, plant and equipment	**5,743**	7,027
Gain on disposal of investment property	**(3,317)**	–
Rental income less direct outgoings	**(24,964)**	(12,753)

6. INCOME TAX

The provision for Hong Kong Profits Tax for 2009 is calculated at 16.5% (year ended 30 June 2008: 16.5%) of the estimated assessable profits for the period/year.

Taxation for overseas subsidiaries and jointly controlled entities is charged at the appropriate current rates of taxation ruling in the relevant countries.

Taxation in the consolidated income statement represents:

	Eighteen months ended 31 December 2009	Year ended 30 June 2008
	HK$'000	*HK$'000*
Continuing operations		
Group		
Current income tax		
Provision for overseas tax	**3,284**	948
Over-provision in respect of prior years	**(59)**	(543)
	3,225	405
Jointly controlled entities		
Current income tax		
Provision for overseas tax	**19,138**	2,583
Deferred tax – overseas		
Origination and reversal of temporary differences	**(1,879)**	7,403
	17,259	9,986
	20,484	10,391
Discontinued operation		
Current income tax		
Provision for overseas tax	**617**	2,269
Deferred tax – overseas		
Origination and reversal of temporary differences	**–**	1,250
	617	3,519
	21,101	13,910

7. EARNINGS PER SHARE

(a) Basic earnings per share

The calculation of basic earnings per share is based on the profit attributable to equity holders of the Company from continuing operations and discontinued operation of HK$94,344,000 and HK$1,198,000 respectively (year ended 30 June 2008: HK$6,852,000 and HK$3,911,000) and the weighted average of 1,849,886,779 ordinary shares (year ended 30 June 2008: 1,312,253,510 ordinary shares), after adjusting for the subdivision of shares in November 2009, in issue during the period, calculated as follows:

(i) Profit attributable to equity holders of the Company

	Eighteen months ended 31 December 2009	Year ended 30 June 2008
	HK$'000	*HK$'000*
Profit attributable to equity holders		
– Continuing operations	**94,344**	6,852
– Discontinued operation	**1,198**	3,911
	95,542	10,763

(ii) Weighted average number of ordinary shares (basic and diluted)

	Eighteen months ended 31 December 2009	Year ended 30 June 2008
Issued ordinary shares at 1 July 2008/2007 *(note)*	**1,696,376,270**	1,283,565,370
Effect of convertible notes converted	**128,829,270**	37,133,630
Effect of new shares placed	**24,666,667**	–
Effect of share options exercised	**14,572**	5,461,750
Effect of shares repurchased	**–**	(13,907,240)
Weighted average number of ordinary shares (basic) at 31 December 2009/30 June 2008	**1,849,886,779**	1,312,253,510
Effect of conversion of convertible notes	**9,041,909**	–
Effect of deemed issue of shares under the Company's share option scheme for HK$Nil consideration	**680,663**	4,172,830
Weighted average number of ordinary shares (diluted) at 31 December 2009/30 June 2008	**1,859,609,351**	1,316,426,340

Note: The issued ordinary shares at 1 July 2008 and 1 July 2007 have been adjusted retrospectively to reflect the subdivision of shares.

(b) Diluted earnings per share

The calculation of diluted earnings per share is based on the profit attributable to equity holders of the Company from continuing operations and discontinued operation of HK$94,516,000 and HK$1,198,000 respectively (year ended 30 June 2008: HK$6,852,000 and HK$3,911,000) and the weighted average number of ordinary shares of 1,859,609,351 shares (year ended 30 June 2008: 1,316,426,340 shares after adjusting for the subdivision of shares in 2009), calculated as follows:

(i) Profit attributable to equity holders of the Company (diluted)

	Eighteen months ended 31 December 2009 *HK$'000*	Year ended 30 June 2008 *HK$'000*
Continuing operations		
Profit attributable to equity holders	**94,344**	6,852
After tax effect of effective interest on the liability component of convertible notes	**172**	–
Profit attributable to equity holders (diluted)	**94,516**	6,852
Discontinued operation		
Profit attributable to equity holders	**1,198**	3,911

The convertible notes had no diluting effect on the basic earnings per share for the prior period.

The weighted average number of ordinary shares (diluted) at 31 December 2009 and 30 June 2008 are set out in note 7(a)(ii).

8. TRADE RECEIVABLES

The Group usually grants credit periods ranging from one to three months. Each customer has a credit limit and overdue balances are regularly reviewed by management. In view of the aforementioned and the fact that the Group's trade receivables relate to a large number of diversified customers, the concentration of credit risk is not considered significant. Trade receivables are non-interest-bearing. The carrying amounts of the trade receivables approximate their fair values. The ageing analysis of trade receivables (net of allowance for doubtful debts) as of the balance sheet date is as follows:

	The Group	
	As at 31 December 2009 *HK$'000*	As at 30 June 2008 *HK$'000*
Current to 3 months	**34,906**	21,357
Within 4 to 6 months	**1,716**	3,900
Over 6 months	**167**	1,788
	36,789	27,045

9. TRADE PAYABLES

The ageing analysis of trade payables as of the balance sheet date is as follows:

	The Group	
	As at 31 December 2009	As at 30 June 2008
	HK$'000	*HK$'000*
Current to 3 months	**83,832**	63,275
Within 4 to 6 months	**8,735**	193
Within 7 to 12 months	**821**	1,509
Over 1 year	**4,110**	3,632
	97,498	68,609

SPECIAL DIVIDEND

During 18 months ended 31 December 2009, the Directors declared and paid a special dividend of HK$0.01 per share (adjusted by subdivision of shares) to shareholders. All dividends are paid in cash.

FINAL DIVIDEND

The Directors do not recommend the payment of any final dividend for the 18 months ended 31 December 2009 (year ended 30 June 2008: Nil).

COMPLIANCE WITH MODEL CODE

The Company has adopted its own code on terms no less exacting than those set out in the Model Code for Securities Transactions by Directors of Listed Issuers in Appendix 10 of the Listing Rules (the "Model Code"). The Company has made specific enquiries with all the Directors and all of them have confirmed that they had complied with the requirements set out in the Model Code and the Company's code for the 18 months ended 31 December 2009.

COMPLIANCE WITH THE CODE ON CORPORATE GOVERNANCE PRACTICES

The Board of Directors (the "Board") recognises the importance of good corporate governance to maintain the Group's competitiveness and lead to its healthy growth. The Company has taken steps not only to comply with code provisions as set out in The Code on Corporate Governance Practices (the "CG Code") as set out in Appendix 14 of the Listing Rules but also to aim at enhancing corporate governance practices of the Group as a whole.

For the 18 months ended 31 December 2009, the Company has complied with the code provisions of the CG Code except for deviations from note 1 to principle A.3 and code provisions A.2.1, A.4.1 and B.1.1 of the CG Code as summarized below:

(a) Pursuant to code provision A.2.1 of the CG Code, the roles of chairman and chief executive officer ("CEO") should be separated and should not be performed by the same individual. The division of responsibilities between the chairman and CEO should be clearly established and set out in writing. Mr. Wu Kebo, the chairman and executive Director, was appointed as the acting managing Director of the Company since 21 December 2007. The Board has been continuously seeking a suitable individual with appropriate qualifications to act as the CEO of the Company. Subsequently, Mr. Wu King Shiu Kelvin was appointed by the Board as the CEO of the Company with effect from 22 September 2009 such that the requirement under code provision A.2.1 of the CG Code as to the separate roles of chairman and CEO was fulfilled.

(b) Pursuant to note 1 to code provision A.3 of the CG Code and as required under Rule 3.10(1) of the Listing Rules, every board of directors of a listed issuer must include at least 3 independent non-executive directors. Due to the resignation of Prince Chatrichalerm Yukol as an independent non-executive Director on 20 November 2008, the total number of independent non-executive Directors fell below the minimum number as required under Rule 3.10(1) of the Listing Rules. Subsequently, Mr. Masahito Tachikawa was appointed by the Board as an independent non-executive Director with effect from 20 March 2009 such that the requirement as to the minimum number of independent non-executive Directors as required under note 1 to principle A.3 of the CG Code and Rule 3.10(1) of the Listing Rules was fulfilled.

(c) Pursuant to code provision A.4.1 of the CG Code, non-executive Directors of a listed issuer should be appointed for a specific term, subject to re-election. All non-executive Directors were not appointed for a specific term but are subject to the requirement of retirement by rotation and re-election at least once every three years at the annual general meetings of the Company in accordance with the relevant provisions of the Company's Bye-laws, accomplishing the same purpose as being appointed for a specific term.

(d) Pursuant to code provision B.1.1 of the CG Code, a majority of the members of the remuneration committee of a listed issuer should be independent non-executive Directors. As (i) Mr. Eric Norman Kronfeld was not re-elected as Director at the annual general meeting of the Company held on 20 November 2008 and (ii) Prince Chatrichalerm Yukol resigned as Director on 20 November 2008, the remuneration committee of the Company comprised one executive Director and one independent non-executive Director during the period between 20 November 2008 and 19 March 2009 (both dates inclusive) and therefore, the requirement in relation to the composition of the remuneration committee under code provision B.1.1 of the CG Code had not been fulfilled during that period. Subsequently, Mr. Masahito Tachikawa was appointed by the Board as an independent non-executive Director and a member of the remuneration committee with effect from 20 March 2009 such that the remuneration committee comprised one executive Director and two independent non-executive Directors and the requirement in relation to the composition of the remuneration committee under code provision B.1.1 of the CG Code was fulfilled thereafter.

As such, the Company considers that sufficient measures have been taken to ensure that the Company's corporate governance practices are no less exacting than those in the code provisions of the CG Code.

Audit Committee

The Audit Committee was established with written terms of reference in accordance with the code provisions of the CG Code. The Audit Committee is delegated by the Board to assess matters related to the financial statements and to perform the duties, including reviewing the Company's financial controls and internal control, financial and accounting policies and practices and the relationship with the external auditor. The Audit Committee comprises three members who are independent non- executive Directors, namely Mr. Leung Man Kit (the chairman), Mr. Huang Shao-Hua, George and Ms. Wong Sze Wing.

Remuneration Committee

The Remuneration Committee was established with written terms of reference in accordance with the code provisions of the CG Code. The principal responsibilities of the Remuneration Committee include formulation and making recommendation of remuneration policy and remuneration package of the Directors and members of senior management to the Board. The Remuneration Committee comprises three members, Mr. Wu Kebo and two independent non-executive Directors, namely Mr. Leung Man Kit and Ms. Wong Sze Wing, as members.

ANNUAL GENERAL MEETING ("AGM")

The 2009 AGM of the Company will be held on 1 June 2010 and the Notice of AGM will be published and despatched in the manner as required by the Listing Rules.

On behalf of the Board
Wu Kebo
Chairman

Hong Kong, 26 April 2010

List of all Directors of the Company as of the time issuing this announcement:–

Chairman and Executive Director:
Mr. Wu Kebo

Executive Directors:
Ms. Fiona Chow Sau Fong
Ms. Wu Keyan
(alternate to Mr. Wu Kebo)
Mr. Li Pei Sen
Mr. Chang Tat Joel

Independent Non-executive Directors:
Mr. Leung Man Kit
Mr. George Huang Shao-Hua
Ms. Wong Sze Wing